



PRESS RELEASE

Growth with Equity in Mindanao (GEM-2) Program

USAID's SAFE Program: combining profit with sustainability

Zamboanga City—The bulk of current aquaculture activities in Mindanao is undertaken by individual growers who produce traditional, freshwater species such as tilapia, milkfish, catfish and, seaweeds, which are grown, for the most part, in the waters of Western Mindanao.

The production of high-value marine species is still minimal and—utilizing current practices—is not sustainable because wild-caught or imported juveniles and seeds are used for most local grow-out operations, thus diminishing the size of the populations of the species being produced.

The primary constraint to the growth of high-value aquaculture is the absence of commercial hatcheries that can provide a regular supply of fingerlings and juveniles of these high-value marine species, according to the Sustainable Aquaculture Fisheries Effort (SAFE), which is implemented by USAID's Growth with Equity in Mindanao (GEM) Program.

Because of the high cost of production inputs such as fingerlings, and the lack of a reliable marketing system, small-scale growers and pond operators are unable to obtain sufficient returns on their investments. Since these growers cannot command sufficiently high prices for their commodities, they have no choice but to sell them either individually or in small consolidated lots to local wet markets.

Because of these factors, it has been difficult for small producers to achieve the economies of scale that would allow them to undertake large-scale commercial production and to export of high-value species such as groupers (lapu-lapu) and abalone to lucrative markets.

To address these industry concerns, the SAFE program is promoting the development of a multi-species high-value hatchery system; an integrated facility that includes a core hatchery, peripheral grow-out in mariculture parks, a processing facility, and export marketing mechanisms.

This type of system combines high-technology hatchery production with low-technology grow-out. Once operational, it will provide fry and seedlings of high-value fish and mollusks to local growers and other aquaculture companies that will undertake grow-out culture.

This production model was adapted from an existing system used by the Gondol Research Institute of Mariculture (GRIM) in Indonesia. It also includes a buy-back contract model between growers and the hatchery, driven by forward contracts in the market place.



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SAFE is in fact working closely with partners in the government and private sector who have shown a keen interest in developing Mindanao's promising aquaculture industry.

The provincial government of Tawi-Tawi has finalized the acquisition of two hectares of property in Luuk Pandam, Panglima Sugala, which will serve as the site for the establishment of a P25 million, high value multi-species hatchery project, including a two-hectare mariculture grow-out park.

The hatchery's construction will be partially financed by the Bureau of Fisheries and Aquatic Resources (BFAR), with technical support from the Southeast Asian Fisheries Development Center (SEAFDEC), Philippine Fisheries Development Authority (PFDA) and USAID's GEM Program which is under the oversight of the Mindanao Economic Development Council (MEDCo).

The hatchery will be operational by December of this year, and will produce fingerlings and juveniles of high-value fish species including humpback grouper, abalone and sea cucumber. It utilizes an economic model that has high potential for other areas of the Autonomous Region of Muslim Mindanao (ARMM) as well as Tawi-Tawi.

Local fisherfolk who have already been trained in high-value aquaculture production by GEM's Targeted Commodity and Expansion Program (TCEP), will be the primary beneficiaries of this ambitious undertaking, and once these hatcheries are operational, the farmers will have access to a reliable supply of fingerlings for their grow-out operations.

The GEM Program, under its export development component, has examined the potential of various high-value marine products in high demand in the Asian market, particularly China. Humpback grouper sells for as much as \$60 - \$90 per kilogram in the Chinese market and sea cucumber, sells for \$75 per kilogram in its dried form.

Based on a recent market study conducted by GEM, Chinese seafood imports have increased significantly over the past ten years. With the rapid increase in disposable income of Chinese consumers, this demand is expected to grow exponentially in the coming years.

As consumer demand in China grows and natural resources decrease, a considerable supply gap is developing for high-value marine species. This gap can only be supplied by full-cycle hatchery and growout aquaculture production of tropical marine products." The hatchery technology being promoted by SAFE should allow Mindanao's aquaculture industry to penetrate this market, thus improving dramatically the economies of the communities in which aquaculture initiatives are located. **(GEM Program)**